

VILLAGE OF MANCELONA
ANTRIM COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS
FEBRUARY 28, 2005

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Village of Mancelona	County Antrim
Audit Date 2/28/05	Opinion Date 5/11/05	Date Accountant Report Submitted to State: 9/26/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGR).			✓

Certified Public Accountant (Firm Name) Daniel S. Smith, CPA			
Street Address 114 S. Center Ave. Suite 108		City Gaylord	State MI
Accountant Signature 		ZIP 49735	Date 9/26/05

VILLAGE OFFICIALS

PRESIDENT	YOUSEF M. JABARA
PRESIDENT PRO-TEM	JANE MACDONALD
CLERK	DANA SUDMAN
TREASURER	DENNIS TERESHENSKI
POLICE CHIEF	WILLIAM ROBBINS

COUNCIL MEMBERS

ROBERT WILCOX
ELMER GRODY
DAVID TUCKER
JUDY ESCHEDOR
FRANK MOSER

VILLAGE OF MANCERONA

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INDEPENDENT AUDITOR'S REPORT

May 11, 2005


To the Village Council
Village of Mancelona

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Mancelona, Antrim County, Michigan as of and for the year ended February 28, 2005, which collectively comprise the Village's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Village's managements. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Mancelona, Antrim County, Michigan as of February 28, 2005, and the respective changes in financial position, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 - 6 and budgetary comparison information on pages 27 - 32, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

A handwritten signature in black ink, appearing to read 'D. Smith', with a stylized flourish at the end.

Daniel S. Smith, CPA

VILLAGE OF MANCELONA

120 West State Street
Mancelona, MI 49659

VILLAGE OF MANCELONA MANAGEMENT'S DISCUSSION & ANALYSIS YEAR ENDED FEBRUARY 28, 2005

This section of the Village of Mancelona's annual financial report presents our discussion and analysis of the Village's financial performance during the fiscal year ended February 28, 2005. Please read it in conjunction with the financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Village assets at February 28, 2005, as reported in the Statement of Net Assets, totaled approximately \$2,115,000 for governmental activities and \$87,000 for our component unit (the Mancelona Downtown Development Authority), compared to \$1,840,000 and \$86,000, respectively, at February 29, 2004. Of the total Village assets, approximately \$1,233,000 represents capital assets net of depreciation.

Overall revenues were approximately \$789,500 (\$201,500 from program revenues and \$588,000 from general revenues). Overall expenses approximated \$667,000.

The Village did enter into a new lease for street lighting. We spent approximately \$188,500 in capital assets. Long-term debt and capital asset activity is addressed further in a subsequent section of this letter.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion & analysis, the basic financial statements, and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Village.

The first two statements are government-wide financial statements and provide both long and short-term information about our overall financial status. These statements present the governmental activities of the Village.

The remaining statements are fund financial statements, which focus on individual parts of the Village in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data. Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the Village as a whole using accounting methods used by private companies. The Statement of Net Assets includes all of the entity's assets and liabilities. The Statement of Activities records all of the current year revenues and expenses regardless of when received or paid.

The two government-wide statements report net assets and how they have changed. Net assets are the difference between the Village's assets and liabilities; this is one method to measure the Village's financial health or position.

Over time, increases or decreases in an entity's net assets is an indicator of whether financial position is improving or deteriorating.

To assess overall health of an entity, you may also have to consider additional factors such as tax base changes, facility conditions, and personnel changes.

All of the activities of the Village are reported as governmental activities. These would include the general fund, major streets, and local streets.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Village's funds, focusing on significant (major) funds, not the Village as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Village Council also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditure of those resources.

The Village has the following types of funds:

Governmental Funds: All of the Village's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Village's government-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Net Assets: The Village's combined net assets increased approximately \$123,000 during the year ended February 28, 2005 totaling \$1,435,742. The increase is mainly due to the capitalization of certain expenditures (street lighting and Gateway Project) in the government-wide financial statements.

Government Funds: The fund balances for governmental funds decreased approximately \$15,000 due largely to local street resurfacing expenditures (\$64,000). Otherwise, the General Fund and Major Street fund had increases to their fund balances.

FINANCIAL ANALYSIS OF THE VILLAGE 'S FUNDS

General Fund: This fund is used to record all activities of the Village not required to be recorded in a separate fund. This would include parks, building and grounds, legislative, administrative, elections and police activities. The major sources of revenue for the general fund are from the Village tax base and the revenue sharing from the State of Michigan. The major expenses for this fiscal year include the general operating activities of the Village.

Major Streets: This fund is used to record revenues and expenses for major (state-owned) streets located within the Village. The major source of revenue comes from the State of Michigan in the form of transportation taxes and grants for snow removal. The major expenses for this fund are wages and equipment rental for snow removal and street repair, along with significant street lighting construction expenditures incurred this year.

Local Streets: This fund is used to record revenues and expenses for local (Village-owned) streets. Local street revenue comes from property taxes and from the state in the form of grants for snow removal and from gas and weight taxes. The major expenses incurred this year include resurfacing, sidewalk installation, and street light utilities.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

Capital Assets: Additions to the Village assets for this year include street lighting construction that have been capitalized as infrastructure in the amount of \$97,340 and Park pavilion improvements in the amount of \$54,000, paid for with grant monies received through the Community Development Block Grant. All other capitalized expenditures totaling \$37,207 were machinery and equipment.

Long-Term Debt:

- Major Streets Debt: The Village paid \$15,000 in bond principal payments for the fiscal year and \$12,850 of interest.
- Capital Lease: The Village paid \$37,574 in capital lease payments, for which the Village was fully reimbursed by the Downtown Development Authority. Both leases are for street lighting downtown.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The major street fund had a fund balance deficit of (\$37,258). A deficit reduction plan will be implemented over the next two years.

CONTACTING VILLAGE MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Village's finances and to demonstrate the Village's accountability for the revenues it receives. If you have any questions concerning this report please contact Dana Sudman, Village Clerk or Yousef Jabara, Village President at 120 West State Street, Mancelona, MI 49659.



Yousef Jabara, Village President

**VILLAGE OF MANCERLONA
STATEMENT OF NET ASSETS
FEBRUARY 28, 2005**

	PRIMARY GOVERNMENT	COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	DOWNTOWN DEVELOPMENT AUTHORITY
ASSETS		
Current Assets:		
Cash	\$ 387,853	\$ 43,802
Certificates of Deposit	202,934	-
Receivables:		
Delinquent Property Taxes	46,811	-
Due from Other Governments	50,299	18,636
Due from DDA - Capital Leases	37,274	
Due from Primary Government	-	25,190
Total Current Assets	725,171	87,628
Non-Current Assets:		
Due from DDA - Capital Leases	156,370	
Capital Assets, Net	1,233,618	-
Total Non-Current Assets	1,389,988	-
Total Assets	\$ 2,115,159	\$ 87,628
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 167,588	\$ -
Due to the DDA - Property Taxes	25,185	-
Accrued Interest	2,000	-
Current Portion of Long-Term Debt	52,274	36,734
Total Current Liabilities	247,047	36,734
Long-Term Debt:		
General Obligation Bonds	235,000	
Capital Lease	156,370	
Compensated Absences	41,000	-
Due to Primary Government - Capital Lease	-	156,910
Total Long-Term Debt	432,370	156,910
Total Liabilities	679,417	193,644
NET ASSETS		
Invested in Capital Assets, Net of Debt	789,974	-
Net Assets, Restricted	96,378	-
Net Assets, Unrestricted	549,390	(106,016)
Total Net Assets (Deficit)	\$ 1,435,742	\$ (106,016)

See accompanying notes to the financial statements

VILLAGE OF MANCERONA
STATEMENT OF ACTIVITIES
YEAR ENDED FEBRUARY 28, 2005

	P R O G R A M R E V E N U E S				NET EXPENSE (REVENUES) AND CHANGES IN NET ASSETS	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRI- BUTIONS	CAPITAL GRANTS & CONTRI- BUTIONS	PRIMARY GOVERNMENT	COMPONENT UNIT
GOVERNMENTAL ACTIVITIES						
Village Administration	\$ (116,296)	\$ -	5,891	\$ -	(110,405)	\$ -
Village Hall and Grounds	(47,279)	-	-	-	(47,279)	-
Streets and Highways	(150,181)	-	119,978	-	(30,203)	-
Parks and Recreation	(40,593)	717	-	53,981	14,105	-
Law Enforcement	(225,301)	18,811	2,154	-	(204,336)	-
Motor Pool	(50,941)	-	-	-	(50,941)	-
Interest on Long-Term Debt	(12,850)	-	-	-	(12,850)	-
Unallocated Depreciation	(23,004)	-	-	-	(23,004)	-
Downtown Development Authority	-	-	-	-	-	126,294
Total Governmental Activities	(666,445)	19,528	128,023	53,981	(464,913)	126,294
GENERAL REVENUES						
Property Taxes, Levied for:						
General Operations					238,422	-
Local Streets					60,700	-
Downtown Development Authority					97,340	43,826
State Shared Revenue - Not Restricted					155,567	-
Franchise Fees					12,845	-
Interest Earnings					10,644	277
Other					12,450	-
Total General Revenues					587,968	44,103
CHANGE IN NET ASSETS					123,055	(82,191)
NET ASSETS - MARCH 1, 2004					1,312,687	(23,825)
NET ASSETS - FEBRUARY 28, 2005					\$ 1,435,742	\$ (106,016)

See accompanying notes to the financial statements

**VILLAGE OF MANCERLONA
BALANCE SHEET
GOVERNMENTAL FUNDS
FEBRUARY 28, 2005**

	<u>M A J O R F U N D S</u>			
	<u>GENERAL</u>	<u>MAJOR STREET</u>	<u>LOCAL STREET</u>	<u>TOTAL</u>
<u>ASSETS</u>				
Cash	\$ 225,579	\$ 116,779	\$ 45,495	\$ 387,853
Certificates of Deposit	75,376	-	127,558	202,934
Receivables:				
Delinquent Taxes	40,316	-	6,495	46,811
Accounts	33,700	7,405	9,194	50,299
Due From Other Funds	46,045	23,653	-	69,698
Total Assets	<u>421,016</u>	<u>147,837</u>	<u>188,742</u>	<u>757,595</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts Payable	-	167,588	-	167,588
Due To Other Funds	-	17,507	52,192	69,699
Due to the DDA	20,105	-	5,080	25,185
Deferred Revenue	12,682	-	-	12,682
Total Liabilities	<u>32,787</u>	<u>185,095</u>	<u>57,272</u>	<u>275,154</u>
Fund Equity:				
Fund Balance - Unreserved	386,063	-	-	386,063
Fund Balance (Deficit) - Reserved	2,166	(37,258)	131,470	96,378
Total Fund Equity	<u>388,229</u>	<u>(37,258)</u>	<u>131,470</u>	<u>482,441</u>
Total Liabilities and Fund Equity	<u>\$ 421,016</u>	<u>\$ 147,837</u>	<u>\$ 188,742</u>	<u>\$ 757,595</u>

See accompanying notes to the financial statements.

**VILLAGE OF MANCELONA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FEBRUARY 28, 2005**

TOTAL FUND BALANCES - GOVERNMENTAL ACTIVITIES (PER THE BALANCE SHEET PAGE 8)	\$ 482,441
Amounts reported for governmental activities in the Statement of Net Assets (page 6) are different because:	
Capital assets used in governmental activities are not financial resources and therefore not used in the funds	1,233,618
Long-term liabilities accrued interest are not due and payable in the current period and therefore not reported in the funds	(486,644)
Long-term notes receivable that are not collected in the current period and are not considered to be available are not recorded in the funds	206,326
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES (PER STATEMENT OF NET ASSETS - PAGE 6)	\$ 1,435,742

See accompanying notes to the financial statements

VILLAGE OF MANCERLONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED FEBRUARY 28, 2005

	<u>M A J O R F U N D S</u>			
	<u>GENERAL</u>	<u>MAJOR STREET</u>	<u>LOCAL STREET</u>	<u>TOTAL</u>
REVENUES				
Property Taxes	\$ 238,422	\$ -	\$ 60,700	\$ 299,122
State Shared Revenue	161,458	75,040	44,938	281,436
Federal Grant - Gateway Project	53,981	-	-	53,981
Charges for Services	717	-	-	717
Police	20,965	-	-	20,965
Equipment Rental and Admin.	66,094	-	-	66,094
Interest Earnings	8,065	578	2,001	10,644
Other	25,295	-	-	25,295
Total Sales Revenue	574,997	75,618	107,639	758,254
EXPENDITURES				
General Government	240,803	-	-	240,803
Public Safety:				
Police	201,025	-	-	201,025
Highways and Streets	-	192,790	146,275	339,065
Motor Pool	73,389	-	-	73,389
Federal Grant - Gateway Project	53,981	-	-	53,981
Total Expenditures	569,198	192,790	146,275	908,263
Excess (Deficiency) of Revenues Over Expenditures	5,799	(117,172)	(38,636)	(150,009)
OTHER FINANCING SOURCES/(USES):				
Transfer from DDA	-	37,574	-	37,574
Capital Lease Proceeds	-	97,340	-	97,340
Transfer from Local Streets	-	28,653	-	28,653
Transfer to Major Streets	-	-	(28,653)	(28,653)
Excess (Deficiency) of Revenues and Other Uses over Expenditures and Other Sources	5,799	46,395	(67,289)	(15,095)
Fund Balance (Deficit) - Beginning of Year	382,430	(83,653)	198,759	497,536
Fund Balance (Deficit) - End of Year	<u>\$ 388,229</u>	<u>\$ (37,258)</u>	<u>\$ 131,470</u>	<u>\$ 482,441</u>

See accompanying notes to the financial statements

**VILLAGE OF MANCERLONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED FEBRUARY 28, 2005**

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS	\$	(15,095)
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Amounts reported for governmental activities in the Statement of Activities (page 7) are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives.		188,528
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Depreciation expense is reported in the Statement of Activities but not the governmental funds financial statements.		(63,964)
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Governmental funds do not report long-term debt; therefore, debt service payments are recorded as an expenditure. However, in the government-wide financial statements, long-term debt is recorded and debt service payments are applied against the outstanding balance or to interest expense.		52,274
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Governmental funds report receipts on long-term receivables as revenues in the current period. However, in the government-wide statements, the receipt is applied against the outstanding receivable balance.		(37,274)
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Governmental funds record revenues when it is both available and measurable; however, the government wide statements record revenue when it is earned, regardless of when it is collected.		(2,414)
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Governmental funds do not record the "Compensated Absences"; However, the Government-wide statements do record the liability and the appropriate change in the liability.		1,000
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CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES PER THE STATEMENT OF ACTIVITIES	\$	123,055
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See accompanying notes to the financial statements

**VILLAGE OF MANCELONA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED FEBRUARY 28, 2005**

NOTE A: ENTITY

The Village of Mancelona is a General Law Village of the State of Michigan organized in 1879, located in Antrim County, Michigan. It was incorporated under Act 3 of 1895. The criteria for determining the various governmental functions to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financing relationships. On this basis, the financial statements include all of the governmental functions of the Village of Mancelona.

DOWNTOWN DEVELOPMENT AUTHORITY

The Village passed Ordinance 74, effective July 27, 1994, creating the Downtown Development Authority (DDA) of the Village of Mancelona. The Authority is a component unit of the Village. The Village Council has the power to dissolve the Authority at will. The Authority may not impose taxes nor obligate the Village in any manner without approval of the Village Council. The activities of the Authority are presented as a discrete component unit of the Village of Mancelona in these financial statements. The DDA is audited under a separate cover, and those financial statements are available for review at the Village offices.

MANCELONA FIRE DISTRICT

This report does not include the financial activity of the Mancelona Fire District. The Mancelona Fire District is part of the Township of Mancelona.

MANCELONA AREA WATER AND SEWER AUTHORITY

The Mancelona Area Water and Sewer Authority was established in 2000 as a joint venture by the Village of Mancelona, the Township of Mancelona, and the Township of Custer. The Authority was established to most effectively meet the water and sewer needs of the Mancelona area. The financial statements of the Authority are audited under separate cover and are not included in this report.

**VILLAGE OF MANCELONA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 28, 2005**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices of the Village of Mancelona are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations including required disclosures of the Village's financial activities.

The accounting policies of the Village of Mancelona conform to the generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

On March 1, 2003, the Village of Mancelona adopted the new governmental reporting model and implemented Governmental Accounting Standards Board (GASB) Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" and Statement No. 38 "Certain Financial Statement Note Disclosures".

Under the provisions of GASB Statements No. 34 and 38, the focus of the Village's financial statements has shifted from a fund focus to a government-wide focus.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These statements report financial information for the Village as a whole, excluding fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Village general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. At this time, the Village has no business-type activities.

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with functional programs. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

**VILLAGE OF MANCERLONA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2005**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION
(CONTINUED)**

Government-Wide Financial Statements (continued)

Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Village's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not included as program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds. The Village does not maintain any non-major funds.

The measurement focus and basis of accounting for the government-wide and fund financial statements are described in a subsequent section of this note.

FUND TYPES AND MAJOR FUNDS

Governmental Funds

The Village reports the following major governmental funds:

General Fund – This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants and other inter-governmental revenues.

Major Street Fund – This fund is used to account for all financial transactions related to the Village's "major" (state-owned) streets. Revenues are derived primarily from state grants.

**VILLAGE OF MANCERLONA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 28, 2005**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND TYPES AND MAJOR FUNDS (CONTINUED)

Local Street Fund – This fund is used to account for all financial transactions related to the Village's local streets. Revenues are derived primarily from property taxes and state grants.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The financial statements of the Village are prepared in accordance with generally accepted accounting principles (GAAP). The Village applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Village does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

Government-Wide Financial Statements

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds).

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental Fund Financial Statements

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Village considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

**VILLAGE OF MANCERLONA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 28, 2005**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Governmental Fund Financial Statements (continued)

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Property tax revenues are recognized as follows:

Properties are assessed as of December 31 and the related property taxes become a lien on July 1 of the following year. These taxes are due on September 15 with the final collection date of February 28 before they are added to the county delinquent tax rolls. In accordance with GASB 33 "Accounting and Financial Reporting for Nonexchange Transactions", the Village records property tax revenue on the lien date, when it becomes an enforceable legal claim for the Village. Accordingly, taxes levied on July 1, 2004 are recorded as revenue in the current year. Unpaid taxes are recorded as receivables of the respective funds.

Property taxes were levied as follows for the year ended February 28, 2005:

General	11.8718 mills
Local Street	3.0000 mills

The taxable value of the Village for the 2004 tax year totaled \$21,610,534.

CAPITAL ASSETS AND DEPRECIATION

The Villages property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The Village maintains infrastructure asset records consistent with all other capital assets. Donated assets are stated at fair value on the date donated. The Village generally capitalizes assets with historical cost of \$1,000 or more as purchase and construction outlays occur.

VILLAGE OF MANCERLONA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 28, 2005

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS AND DEPRECIATION (CONTINUED)

The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	50-75
Improvements, other than buildings	10-20
Machinery and equipment	5-10
Vehicles	5-10
Infrastructure	20-40

For information describing capital assets, see Note F.

LONG-TERM DEBT, DEFERRED DEBT EXPENSE, AND BOND DISCOUNT/PREMIUMS

In the government-wide and proprietary financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effect of interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

**VILLAGE OF MANCERLONA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 28, 2005**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The financial statements have been prepared in conformity with generally accepted accounting principles as applicable to governments and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

BUDGETS

Public Act 621 of 1978 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the Village for these budgetary funds were adopted on a fund level, using the modified accrual basis of accounting. Amendments are made to the budget when determined to be necessary throughout the year. The budget is presented as originally adopted and as amended. There are no carryover budget items.

NOTE C: CASH AND CASH EQUIVALENTS

At year end, the carrying amount of the Village's bank deposits including certificates of deposit was \$590,787. The bank balance was \$599,475. Of the bank balance, \$225,000 was covered by federal depository insurance and \$374,475 was uninsured. The uninsured deposits are held by the bank in the Village's name with no collateral.

Statutory Authority

Act 217, PA 1982, authorizes the Village to deposit and invest in:

- (a) bonds and other direct obligations of the United States or its agencies
- (b) certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the National Credit Union Administration that are eligible to be the depository of surplus money belonging to the state under section 5 or 6 of Act 105, PA 1855, as amended.
- (c) Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time.

VILLAGE OF MANCERLONA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 28, 2005

NOTE C: CASH AND CASH EQUIVALENTS (CONTINUED)

- (d) United States Government or Federal Agency obligation repurchase agreements.
- (e) Banker's acceptance of United States bank.
- (f) Mutual funds composed of investments which are legal for direct investments by local units of government in Michigan.

The Village's cash deposits and investments are in accordance with statutory authority.

NOTE D: RECEIVABLES

The Village's receivables as of February 28, 2005 are as follows:

Fund Financial Statement:

	<u>GENERAL</u>	<u>MAJOR STREET</u>	<u>LOCAL STREET</u>
Delinquent Taxes	\$ 40,316	\$ -	\$ 6,495
State Shared Revenue	28,115	7,405	9,194
Other	5,585	-	-
Total	<u>\$ 74,016</u>	<u>\$ 7,405</u>	<u>\$ 15,689</u>

An additional receivable has been recorded in the government-wide financial statements to reflect the amount to be received from the DDA over the life of two capital leases (described in Note H) in the amount of \$193,644, of which \$37,274 is current.

Management considers all receivables to be fully collectible.

NOTE E: DUE FROM/TO OTHER FUNDS

The amounts of interfund receivables and payable are as follows:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>FUND</u>	<u>INTERFUND PAYABLE</u>
General	\$ 46,045	Major Street	\$ 17,506
Major Street	23,653	Local Street	52,192
	<u>\$ 69,698</u>		<u>\$ 69,698</u>

**VILLAGE OF MANCERLONA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 28, 2005**

NOTE E: DUE FROM/TO OTHER FUNDS (CONTINUED)

Interfund receivables are short-term in nature and no interest is charged on the above amounts. Above amounts are the result of fringe benefit allocations, equipment rental and administration.

GASB 34 requires that all interfund receivables and payables are eliminated within each activity type for purpose of the government-wide financial statements.

NOTE F: CAPITAL ASSETS

	<u>CAPITAL ASSETS NOT DEPRECIATED</u>	<u>CAPITAL ASSETS DEPRECIATED</u>				
	LAND & IMPROV.	<u>BUILDINGS</u>	<u>POLICE VEHICLES</u>	<u>MACHINERY & EQUIPMENT</u>	<u>INFRA- STRUCTURE</u>	<u>TOTALS</u>
Governmental Activities						
Balance, March 1, 2004	\$ 370,800	\$ 393,933	\$ 40,825	\$ 363,299	\$ 175,249	\$1,344,106
Increases	-	53,981	-	37,207	97,340	188,528
Decreases	-	-	-	-	-	-
Balance, Feb. 28, 2005	<u>370,800</u>	<u>477,914</u>	<u>40,825</u>	<u>400,506</u>	<u>272,589</u>	<u>1,532,634</u>
Governmental Activities						
Accumulated Depreciation						
Balance, March 1, 2004	-	66,592	2,722	165,738	-	235,052
Increases	-	7,052	23,330	22,791	10,791	63,964
Decreases	-	-	-	-	-	-
Balance, Feb. 28, 2005	<u>-</u>	<u>73,644</u>	<u>26,052</u>	<u>188,529</u>	<u>10,791</u>	<u>299,016</u>
Governmental Activities Capital Assets, Net	<u>\$ 370,800</u>	<u>\$ 374,270</u>	<u>\$ 14,773</u>	<u>\$ 211,977</u>	<u>\$ 261,798</u>	<u>\$ 1,233,618</u>

Depreciation expense was charged to functions of the Village as follows:

Village Administration	\$ 1,705
Street & Sidewalks	3,819
Parks	8,324
Law Enforcement	24,276
Buildings and Grounds	2,836
Unallocated	<u>23,004</u>
Total	<u>\$ 63,964</u>

NOTE G: DEFERRED REVENUE

The fund financial statements has deferred revenue of \$12,682 in delinquent property tax dollars that were not collected within 60 days after year-end and are consequently considered "unavailable".

VILLAGE OF MANCERLONA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 28, 2005

NOTE H: LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended February 29, 2005:

<u>Description and Purpose</u>	<u>Balance March 2004</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance February 29 2004</u>	<u>Due Within 1 Year</u>
Governmental Activities					
1995 MTF Bond	\$ 30,000	\$ -	\$ 15,000	\$ 15,000	\$ 15,000
2002 MTF Bond	235,000	-	-	235,000	-
Capital Leases	110,000	120,918	37,274	193,644	37,274
Total	<u>\$ 375,000</u>	<u>\$120,918</u>	<u>\$ 52,274</u>	<u>\$ 443,644</u>	<u>\$ 52,274</u>

The 1995 Michigan Transportation Fund Bond is a bond due in annual installments from \$5,000 to \$15,000 payable on June 1, of each year beginning in 1996. Interest is due semi-annually on June 1, and December 1. Final payment is due on June 1, 2005. The money was borrowed for the purpose of paying the cost of constructing street lighting in the Village. This obligation is serviced by the Major Street Fund.

The 2002 Michigan Transportation Fund Bond is a bond due in annual installments from \$15,000 to \$30,000 payable on June 1, of each year beginning in 2006. Interest is due semi-annually on June 1, and December 1, beginning in 2003. Final payment is due on June 1, 2018. The money was borrowed for the purpose of paying construction costs of East State Street. This obligation is serviced by the Major Street Fund.

The capital lease obligations are due in semi-annual installments of \$10,000 and \$8,637, respectively. The capital leases were entered into in order to finance the street lighting projects on both East State Street and West State Street.

The Mancelona Downtown Development Authority has agreed to service the capital lease obligations; however, the leases are in the name of the Village and therefore included in these financial statements.

The annual principal requirements, to amortize the bonds payable and lease payments as of February 28, 2005, are as follows:

VILLAGE OF MANCERLONA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 28, 2005

NOTE H: LONG-TERM DEBT (CONTINUED)

	1995 MTF <u>BOND</u>	2002 MTF <u>BOND</u>	<u>CAPITAL LEASES</u>
2006	15,000	-	37,274
2007	-	15,000	37,274
2008	-	15,000	37,274
2009	-	15,000	37,274
2010	-	15,000	27,274
2011-2015	-	95,000	17,274
2016-2018	-	80,000	-
	<u>\$ 15,000</u>	<u>\$ 235,000</u>	<u>\$193,644</u>

COMPENSATED ABSENCES

All employees (non-elected officials) may accumulate compensated absences (sick, vacation and personal days) in accordance with the employment policies of the Village. Upon termination, employees are either paid one-half their individual accumulated amount or the full amount, depending on the details of each employment contract. At February 28, 2005, the Village was liable for \$41,000 of compensated absences.

NOTE I: FUND BALANCE AND NET ASSETS

RESERVED FUND BALANCE/RESTRICTED NET ASSETS

The reserved fund balance/restricted net assets related to streets and highways include the ending fund balances of the local and major street funds, which totals \$45,454.

The Village also has a reservation/restriction in the amount of \$2,166 related to a donation where the donor has restricted the use of monies to be spent on the Village's fish pond.

VILLAGE OF MANCERLONA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 28, 2005

NOTE I: FUND BALANCE AND NET ASSETS (CONTINUED)

CALCULATION OF BEGINNING NET ASSETS

The Village adopted GASB Statement No. 34 (see Note B) effective March 1, 2003. The following represents a reconciliation of the Village's fund balance as of March 1, 2004, to its beginning net assets balance, as presented in the Statement of Activities.

Total Fund Balance, March 1, 2004	\$ 497,536
Record capital assets, net of accumulated deprec.	1,109,054
Record long-term receivable	125,096
Record long-term debt	<u>(419,000)</u>
Beginning Net Assets, March 1, 2004	<u>\$ 1,312,687</u>

NEGATIVE FUND BALANCE

At the year-end, the major street fund had a negative fund balance in the amount of (\$37,258).

NOTE J: INTRA/INTER-FUND REVENUE AND EXPENSE

Following is a summary of all equipment rental and administration charges between and within funds (all general fund revenues).

Local Street	\$ 18,178		
Major Street	<u>\$ 13,174</u>		
Motor Pool Equip		Buildings & Grounds	
Rental & Admin.	<u>\$ 31,352</u>	and Parks	<u>\$ 34,742</u>

The Local and Major Street Funds incur the above stated expenditures and pay the General Fund accordingly. The Building and Grounds and Parks incur equipment rental expenses, while matching revenue is recorded, however no payments are made for this **intra-fund** activity.

All inter/intra-fund activity has been eliminated in the government-wide financial statements.

VILLAGE OF MANCILONA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 28, 2005

NOTE K: PENSION

The Village of Mancelona has a defined contribution pension plan covering substantially all of its (non-elected) employees. Employees are fully vested in the seventh year of employment. A defined contribution pension plan provides benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive.

Under the Village's defined contribution pension plan, the benefits a participant will receive depend on the amount contributed to the participant's account and the returns earned on investments of those contributions.

The plan is maintained with the Principal Mutual Life Insurance Co. The total pension expense for the year approximated \$15,380, which meets the contribution requirements of the Village. The Village contributes 7% of eligible employee wages which was approximately \$220,000 for the period. The policy provides for group retirement annuities and contributions to be used for the purchase of annuity benefits, so there are no separate plan assets.

NOTE L: INSURANCE COVERAGES

The Village is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Village participates in the Michigan Township Participating Plan, a self-insured group. The pool is considered a public entity risk pool. The Village pays annual premiums to the pool for the respective insurance coverage. In the event a pool's total claims and expense for a policy year exceed the total normal annual premiums for said years, all members of the pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type of coverage of reinsurance. The Village has not been informed of any special assessments being required.

There were no significant changes in coverage, nor were there any significant claims for the year. The Village carries commercial insurance

**VILLAGE OF MANCERLONA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 28, 2005**

NOTE L: INSURANCE COVERAGES (CONTINUED)

for other types of losses, including employee health and accident insurance.

The Village has the following coverage's:

	<u>COVERAGE'S</u>
Property	\$ 700,000
Liability	5,000,000/7,000,000
Errors & Omissions	5,000,000/6,000,000
Law Enforcement	5,000,000/6,000,000
Automobile	5,000,000
Crime	10,000
Inland Marine	421,000
Boiler	250,000
Bond	10,000
Worker's Compensation	Statutory

NOTE M: PRIOR PERIOD ADJUSTMENT

The beginning fund balance in the Major Street Fund and total net assets have been restated. The increase of \$48,759 is due to an overstatement of an expenditure and related account payable in the Major Street Fund. The expenditure was from the East State Street reconstruction project, which has been finalized by the Michigan Department of Transportation.

VILLAGE OF MANCERLONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED FEBRUARY 28, 2005

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
REVENUES:				
Property Taxes	\$ 240,000	\$ 240,000	\$ 238,422	\$ (1,578)
State Shared Revenue	150,000	150,000	155,567	5,567
Federal Grant - Gateway Project	54,000	54,000	53,981	(19)
Charges for Services	1,350	1,350	717	(633)
Metro Act Funds	-	-	4,737	4,737
DNR Revenue Sharing	-	-	1,154	1,154
Sub-Total	445,350	445,350	454,578	9,228
Police				
Ordinance Fines	12,000	12,000	16,556	4,556
PBT Fees	2,500	2,500	2,255	(245)
Liquor License	1,400	1,400	1,477	77
State Training	900	900	677	(223)
Total Police	16,800	16,800	20,965	4,165
Equipment Rental and Admin:				
Local and Major Streets	30,000	30,000	31,352	1,352
Buildings & Grounds/ Parks	22,000	22,000	34,742	12,742
Total Equipment Rental and Admin.	52,000	52,000	66,094	14,094
Other:				
Interest Earnings	3,000	3,000	8,065	5,065
Refunds and Rebates	2,000	2,000	1,726	(274)
Franchise Fee - Cable Co.	6,500	6,500	12,845	6,345
Miscellaneous	5,000	5,000	10,724	5,724
Total Other	16,500	16,500	33,360	16,860
Total Revenues	\$ 530,650	\$ 530,650	\$ 574,997	\$ 44,347

VILLAGE OF MANCERLONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED FEBRUARY 28, 2005

	<u>ORIGINAL BUDGET</u>	<u>FINAL AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FROM FINAL AMENDED BUDGET</u>
EXPENDITURES:				
GENERAL GOVERNMENT				
Village Council:				
Wages	\$ 20,000	\$ 20,000	\$ 14,125	\$ 5,875
Fringe Benefits	1,340	1,340	1,116	224
Insurance	21,000	26,709	25,689	1,020
Professional Fees	12,000	12,500	10,515	1,985
Printing	3,000	3,000	2,562	438
Miscellaneous	5,000	5,000	2,677	2,323
Zoning Administrator	-	250	500	(250)
Capital Outlay	1,000	1,000	-	1,000
Total Village Council	<u>63,340</u>	<u>69,799</u>	<u>57,184</u>	<u>12,615</u>
Election:				
Wages	800	800	438	362
Fringe Benefits	42	42	35	7
Office Supplies	1,500	1,500	780	720
Total Election	<u>2,342</u>	<u>2,342</u>	<u>1,253</u>	<u>1,089</u>
Village Clerk:				
Wages	24,205	24,205	25,323	(1,118)
Fringe Benefits	10,052	10,052	12,194	(2,142)
Office Supplies	2,000	2,000	2,628	(628)
Telephone	1,600	1,600	1,561	39
Capita Outlay	6,000	6,000	7,759	(1,759)
Total Village Clerk	<u>43,857</u>	<u>43,857</u>	<u>49,465</u>	<u>(5,608)</u>
Village Treasurer:				
Wages	10,000	10,000	11,579	(1,579)
Fringe Benefits	1,100	1,100	1,486	(386)
Office Supplies	200	200	160	40
Tax Roll	1,300	1,300	1,046	254
Miscellaneous	-	-	108	(108)
Total Village Treasurer	<u>\$ 12,600</u>	<u>\$ 12,600</u>	<u>\$ 14,379</u>	<u>\$ (1,779)</u>

VILLAGE OF MANCERONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED FEBRUARY 28, 2005

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
Buildings and Grounds:				
Wages	\$ 21,000	\$ 21,000	\$ 15,684	\$ 5,316
Fringe Benefits	7,487	7,487	9,908	(2,421)
Equipment Rental	14,000	14,000	17,840	(3,840)
Utilities	8,000	8,000	7,283	717
Contractual Services	15,000	15,000	5,321	9,679
Operating Supplies	4,500	4,500	2,719	1,781
Building Supplies	2,000	2,000	335	1,665
Tree Removal	2,500	2,500	905	1,595
Capital Outlay	-	1,840	2,288	(448)
Total Buildings and Grounds	74,487	76,327	62,283	14,044
Parks and Recreation:				
Wages	12,300	12,300	12,565	(265)
Fringe Benefits	7,192	7,192	7,939	(747)
Equipment Rental	5,000	5,000	16,901	(11,901)
Supplies	3,500	3,500	1,951	1,549
Contractual Services	2,500	2,500	2,428	72
Utilities	2,500	3,399	5,124	(1,725)
Capital Outlay	5,000	5,000	2,262	2,738
Total Parks and Recreation	37,992	38,891	49,170	(10,279)
Public Relations:				
Village Decorations	5,000	5,000	7,069	(2,069)
TOTAL GENERAL GOVERNMENT	239,618	248,816	240,803	8,013
PUBLIC SAFETY				
Police				
Wages	115,000	115,000	116,130	(1,130)
Fringes	59,008	59,008	67,237	(8,229)
Operating Supplies	3,700	6,532	6,996	(464)
Gasoline	4,500	4,500	5,157	(657)
Contractual Services	3,000	3,000	2,371	629
Telephone	1,500	1,500	1,282	218
Training & Mileage	1,000	1,000	178	822
Capital Outlay	8,000	8,000	1,275	6,725
Miscellaneous	1,000	1,000	399	601
Total Police	\$ 196,708	\$ 199,540	\$ 201,025	\$ (1,485)

VILLAGE OF MANCERLONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED FEBRUARY 28, 2005

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
MOTOR POOL				
Wages	\$ 29,500	\$ 29,500	\$ 18,175	\$ 11,325
Fringe Benefits	7,663	7,663	11,067	(3,404)
Operating Supplies	4,000	4,000	3,112	888
Contractual Services	6,000	6,000	2,757	3,243
Gasoline	5,000	5,000	4,312	688
Utilities	3,700	3,700	3,776	(76)
Equipment Supplies	6,000	6,000	3,498	2,502
Telephone	500	500	390	110
Capital Outlay	14,500	14,500	26,302	(11,802)
Total Motor Pool	76,863	76,863	73,389	3,474
Zoning Study	1,000	1,000	-	1,000
Federal Grant - Gateway Project	54,000	54,000	53,981	19
Capital Outlay	50,000	50,000	-	50,000
Total Expenditures	618,189	630,219	569,198	61,021
Excess (Deficiency) of Revenues over Expenditures	(87,539)	(99,569)	5,799	(105,368)
Fund Balance - Beginning of Year	382,430	382,430	382,430	-
Fund Balance - End of Year	\$ 294,891	\$ 282,861	\$ 388,229	\$ 105,368

VILLAGE OF MANCERLONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - MAJOR STREET FUND
YEAR ENDED FEBRUARY 28, 2005

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
REVENUES:				
State Funds	68,700	68,700	75,040	6,340
Interest	500	500	578	78
Total Revenues	69,200	69,200	75,618	6,418
EXPENDITURES:				
Street Light Construction	97,340	97,340	97,340	-
Contractual Services	2,000	2,000	-	2,000
Traffic Signals	2,000	2,000	986	1,014
Miscellaneous	-	-	3,526	(3,526)
Routine Maintenance:				
Wages	6,000	6,000	1,308	4,692
Supplies, Equip. Rental, Other	8,250	8,250	4,659	3,591
Winter Maintenance:				
Wages	6,500	6,500	4,849	1,651
Supplies, Equip. Rental, Other	11,000	11,000	8,415	2,585
M-88 Maintenance:				
Wages	1,700	1,700	498	1,202
Contractual Services	500	500	1,540	(1,040)
Equipment Rental	2,000	2,000	1,451	549
Fringe Benefits	6,631	6,631	4,207	2,424
Debt Service:				
Principal and Interest Payments	50,574	50,574	64,011	(13,437)
Total Expenditures	194,495	194,495	192,790	1,705
Excess (Deficiency) of Revenues Over Expenditures	(125,295)	(125,295)	(117,172)	8,123
OTHER FINANCING SOURCES				
Capital Lease Proceeds	97,340	97,340	97,340	-
Transfer from DDA	37,574	37,574	37,574	-
Transfer from Local Streets	-	-	28,653	28,653
Total Other Financing Sources	134,914	134,914	163,567	28,653
Excess (Deficiency) of Revenues and Other Sources over Expenditures	9,619	9,619	46,395	36,776
Fund Deficit - Beginning of Year	(83,653)	(83,653)	(83,653)	-
Fund Deficit - End of Year	(74,034)	(74,034)	(37,258)	36,776

VILLAGE OF MANCERLONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - LOCAL STREET FUND
YEAR ENDED FEBRUARY 28, 2005

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
REVENUES				
Property Taxes	\$ 60,000	\$ 60,000	\$ 60,700	\$ (700)
State Grants	33,000	33,000	44,938	(11,938)
Interest	1,000	1,000	2,001	(1,001)
Total Revenues	94,000	94,000	107,639	(13,639)
EXPENDITURES				
Resurfacing	50,000	50,000	64,395	(14,395)
Sidewalk Installation	30,000	54,000	19,084	34,916
Street Light Utilities	20,000	20,000	19,058	942
Miscellaneous	5,000	5,000	862	4,138
Routine Maintenance:				
Wages	6,100	6,100	4,573	1,527
Supplies, Equip. Rental, Other	10,750	10,750	12,857	(2,107)
Winter Maintenance:				
Wages	6,700	6,700	7,638	(938)
Supplies, Equip. Rental, Other	12,000	12,000	10,263	1,737
Fringes	7,135	7,135	7,545	(410)
Total Expenditures	147,685	171,685	146,275	25,410
Excess (Deficiency) of Revenues Over Expenditures	(53,685)	(77,685)	(38,636)	39,049
OTHER FINANCING USES				
Transfer to Major Streets	-	-	(28,653)	(28,653)
Excess (Deficiency) of Revenues over Expenditures and Other Uses	(53,685)	(77,685)	(67,289)	10,396
Fund Balance - Beginning of Year	198,759	198,759	198,759	-
Fund Balance - End of Year	\$ 145,074	\$ 121,074	\$ 131,470	\$ 10,396